



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

June 6, 2012  
Re-sent June 20, 2012

CERTIFIED RETURN RECEIPT  
7011 0110 0001 3568 3476

Kay Jean Mathews  
Red Warrior Rock, Inc.  
P. O. Box 898  
St. George, Utah 84771

Subject: Termination of Letter of Credit and Requirement to Reclaim, Red Warrior Rock, Inc., Red Warrior Limestone Mine, S/053/0012, Washington County, Utah

Dear Mr. or Ms. Mathews:

Please review the enclosed notice of non-renewal notification from The Village Bank indicating letter of credit (LOC) in the amount of \$18,000.00 for the Red Warrior Limestone mine will not be renewed. According to the terms of the LOC, the bank may elect not to renew as long as a 90-day notice is given to the Division of Oil, Gas and Mining (Division). The Division received the letter June 6, 2012, and will notify the bank that the LOC cannot expire prior to September 4, 2012. Paragraph 5 of the reclamation contract says the operator shall provide a replacement surety within 60 days following the Division's receipt of the cancellation/termination notice.

In addition, the Division requires that the mine site be reclaimed. Rule R647-3-113.5 states in part:

The Division will require complete reclamation of the mine site when the suspension period exceeds 10 years, unless the operator appeals to the Board prior to the expiration of the 10-year period and shows good cause for a longer suspension period.

Division records indicate the mine has been inactive since some time prior to 1999, 13 years, so the Division is obligated to require reclamation.

The Division requires that you adhere to one of the following options for performing reclamation and submitting a replacement surety:



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1. If you complete basic regrading by August 5, 2012, the Division will only require a replacement surety of \$5000.00. The site needs to be scarified and seeded by October 15, 2012.
2. If grading is not completed by August 5, 2012, the Division will require that you replace the surety in its full amount, \$18,000.00, and that full reclamation be completed by October 15, 2012.

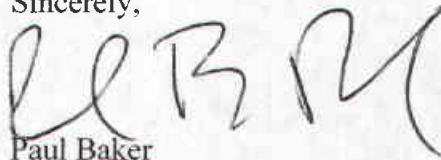
Please notify the Division in writing no later than July 9, 2012, which option you will pursue.

If you fail to adhere to this schedule, the Division will be forced to do all or some of the following:

- Carry out the terms of LOC number \_\_\_\_\_ .e. submit a sight draft to The Village Bank for the full amount of the surety.
- Submit a request to the Board of Oil, Gas and Mining to withdraw the permit.
- Issue a cessation order for failure to maintain the required reclamation surety. **A fine will be associated with the cessation order.**

Please contact Penny Berry 801-538-5291 or by e mail at [bondcoordinator@utah.gov](mailto:bondcoordinator@utah.gov) if you have questions or require assistance regarding the surety. Other questions may be directed to me at 801-538-5261 or to Lynn Kunzler at 801-538-5310. Thank you in advance for your prompt attention to this important permitting requirement.

Sincerely,



Paul Baker

Minerals Program Manager

PBB:pb

Enclosure: Notice of Non-Renewal

Cc: The Village Bank

[jblake@utah.gov](mailto:jblake@utah.gov)

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